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EXAMINER

MEINECKE DIAZ, SUSANNA M

ART UNIT

PAPER NUMBER

3623

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Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/330,446	FORD, ROBERT M.
	Examiner Susanna M. Diaz	Art Unit 3623

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 10 February 2003.

2a) This action is **FINAL**. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-4 and 7-38 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-4 and 7-38 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

- Certified copies of the priority documents have been received.
- Certified copies of the priority documents have been received in Application No. _____.
- Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) The translation of the foreign language provisional application has been received.

15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO-1449) Paper No(s) 18.

4) Interview Summary (PTO-413) Paper No(s). _____.

5) Notice of Informal Patent Application (PTO-152)

6) Other: _____.

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on February 10, 2003 has been entered.

Claims 1-4, 7-10, and 12-15 have been amended

Claims 16-38 have been added.

Claims 1-4 and 7-38 are presented for examination.

Response to Arguments

2. Applicant's arguments filed February 10, 2003 have been fully considered but they are not persuasive.

Applicant argues that claims 1-4, 13, and 14 are not indefinite because the Examiner was able to apply art (page 17 of Applicant's Response). The rejection under 35 U.S.C. 112, 2nd paragraph, regarding claims 13 and 14 has been reconsidered and withdrawn since the first price in question is used for a price comparison in these claims. However, claims 1-4 (and many of the newly added claims, as indicated below) still recite a first price without any use of said first price. The first price seems to be superfluous to Applicant's invention; therefore, Applicant has failed to particularly point

out and claim the invention. The Examiner's art rejection is based on Examiner's best understanding of the claimed invention as gleaned from the disclosure in the specification; however, the rejection under 35 U.S.C. 112, 2nd paragraph, regarding claims 1-4 addresses the failure of the claim language to particularly point out and claim the invention. Applicant has yet to address the vague and indefinite nature of the claim language of claims 1-4; therefore, the rejection under 35 U.S.C. 112, 2nd paragraph, is maintained.

The rejections of claims 3 and 9 under 35 U.S.C. 112, 2nd paragraph, are withdrawn in response to Applicant's arguments.

Regarding the art rejection, Applicant argues, "A commodity is not sold in conjunction with the Power Backer(sm) Product. Therefore, none of the PowerBacker^(sm) references show or suggest a method for managing the sale of a *tier-priced commodity*, as claimed." (Page 18 of Applicant's Response) The Examiner respectfully disagrees. The term "tier-priced commodity" only implies that a commodity may be provided at different prices, which is taught by PowerBacker and explained in the art rejection. Perhaps the Applicant is referring to the idea of "bundling" the commodity with the insurance instrument; however, this concept is only recited in the newly added claims and has been addressed accordingly in the art rejection.

The Applicant continues to argue that, unlike the claimed invention, PowerBacker sells the commodity and the insurance instruments as separate products (page 19 of Applicant's Response). Perhaps the Applicant is referring to the idea of "bundling" the

commodity with the insurance instrument; however, this concept is only recited in the newly added claims and has been addressed accordingly in the art rejection.

Regarding the Examiner's assertion that it is old and well-known in the art to conduct energy and insurance sales on-line, Applicant argues that the Examiner is "using hindsight to reconstruct the claimed invention" (page 20 of Applicant's Response). The Examiner respectfully disagrees. The following explanation was used to address the limitations in question:

PowerBacker, though, is not explicitly disclosed in a computer-implemented embodiment; however, Official Notice is taken that it is old and well-known in the art of energy sales and insurance to conduct a purchase of energy as well as insurance policies online, i.e., via a computer network. ***Online energy and insurance purchases often facilitate quick and efficient energy and insurance transactions while reducing costs normally associated with maintaining a customer service center of sales agents.*** Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to make the sale of energy along with the purchase of PowerBacker insurance policies available online, i.e., via a computer network, in order to facilitate quick and efficient energy and insurance transactions while reducing costs normally associated with maintaining a customer service center of sales agents. A networked version of PowerBacker, where customers can perform transactions online, would necessarily include at least two computers and data storage. (*Emphasis added*)

The Examiner made reference to well-known knowledge in the art (i.e., that online energy and insurance purchases often facilitate quick and efficient energy and insurance transactions while reducing costs normally associated with maintaining a customer service center of sales agents) to explain why one of ordinary skill in the art at

the time of Applicant's invention would have been motivated and found it obvious to modify PowerBacker to yield the claimed invention. In response to Applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

Applicant's arguments are not sufficiently persuasive to overcome the existing art rejection. Please note that the maintained rejections as well as newly incorporated ones are found below.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-4, 7, 8, 13-27, and 34-38 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as

opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, although claims 1-4, 7, 8, 13-27, and 34-38 produce a useful, concrete, and tangible result, the recited steps may be performed by hand (i.e., manually by a human); therefore, claims 1-4, 7, 8, 13-27, and 34-38 are deemed to be non-statutory because they do not apply, involve, use, or advance the technological arts.

Claim Rejections - 35 USC § 112

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 1-4, 17, 18, 20, 21, 23, 24, 26, 27, 28-31, and 36-38 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1 recites the step of "determining a first price for a commodity at a first tier" (line 3); however, this determined "first price" is never used or referred to beyond the initial determination step. In other words, it is unclear why this first price is determined in the first place if it is not referenced in the rest of the claim, especially as the claim relates to the limitation of determining the price of a commodity sold with an "insurance instrument designed to indemnify against at least one risk associated with purchasing said commodity at said second tier." Claims 2-4, 17, and 18 are dependent from claim

1 and therefore inherit the same rejection. Please note that dependent claim 16 is not rejected for the same reason under 35 U.S.C. 112, 2nd paragraph, because claim 16 utilizes the first price for comparison with the fourth price.

Similarly, claim 20 recites “a first price at a first tier”; however, this “first price at a first tier” is never used or referred to beyond the initial determination step. Claims 21, 23, 24, 26, and 27 are dependent from claim 20 and therefore inherit the same rejection. Please note that dependent claims 22 and 25 are not rejected for the same reason under 35 U.S.C. 112, 2nd paragraph, because claims 22 and 25 utilize the first price for comparison with another price.

Additionally, claim 28 recites “a first price”; however, this “first price” is never used or referred to beyond the initial determination step. Claims 29-31 are dependent from claim 28 and therefore inherit the same rejection.

Claim 36 recites that selling of a bundled product occurs if the first price and the second price are different (also recited in claim 37); however, it is not clear what happens if the first price and second price are the same (as expressly recited in claim 38). Therefore, claim 36 lacks steps that are needed to clarify what would happen if the scenario recited in claim 38 came to pass.

Appropriate clarification and/or correction is required.

In light of the numerous rejections under 35 U.S.C. 112, 2nd paragraph, the following art rejection addresses the claimed invention as best understood by the Examiner.

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 1-4 and 7-38 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cigna's product, PowerBacker(SM), as disclosed in the following references:

"Cigna Property & Casualty Launches New Cigna Power Products Unit,"
"New Line of Cigna Insurance Products Designed to Help Market Manage Risk,"
"Cigna Announces Products to Insure Against Price Swings in Power Market,"

and

"Cigna Unit Turns On the Power in Newest Risk Management Offering," *in view of* Applicant's admitted prior art.

PowerBacker discloses a method for managing the sale of a tier-priced commodity comprising the steps of:

[Claim 1] b) determining a second price for said commodity at a second tier ("Cigna Property & Casualty": ¶ 8 – If buyers and sellers of power have the option of purchasing insurance to protect them against market outages, price spreads, etc., then it is understood that there is a price associated with the commodity *per se*, i.e., not including the cost of insurance);

c) determining a third price for an insurance instrument designed to indemnify against at least one risk associated with purchasing said commodity at said second tier ("Cigna Property & Casualty": ¶ 8; "New Line of Cigna Insurance Products": ¶ 6); and

d) offering said commodity at said second tier for sale at a fourth price; wherein said fourth price is a function of said second price and said third price ("Cigna Property & Casualty": ¶ 8; "New Line of Cigna Insurance Products": ¶ 6 – The total cost of the commodity *per se* plus insurance purchased to cover any loss associated with the commodity is the "fourth price");

[Claim 2] receiving a request from a customer to purchase said commodity for said fourth price and selling said customer said commodity ("Cigna Property & Casualty": ¶ 8; "New Line of Cigna Insurance Products": ¶ 6);

[Claim 3] wherein ownership of said insurance instrument is not transferred to said customer ("Cigna Property & Casualty": ¶ 8 – The seller of the commodity may purchase an insurance instrument);

[Claim 4] wherein ownership of said insurance instrument is transferred to said customer ("Cigna Property & Casualty": ¶ 8 – The buyer of the commodity may purchase an insurance instrument);

[Claim 7] wherein said tier-priced commodity is electrical power ("New Line of Cigna Insurance Products": ¶ 6 – MW, i.e., megawatts, is the unit of measurement for electrical power);

[Claim 8] wherein said tier-priced commodity is electrical power ("New Line of Cigna Insurance Products": ¶ 6 – MW, i.e., megawatts, is the unit of measurement for electrical power);

[Claim 17] offering said commodity at said second tier for sale at a fourth price that is greater than or equal to the sum of said second price and said third price ("Cigna Property & Casualty": ¶ 8; "New Line of Cigna Insurance Products": ¶ 6 – The total cost of the commodity *per se* plus insurance purchased to cover any loss associated with the commodity is the "fourth price").

PowerBacker does not explicitly disclose the step of determining a first price for a commodity at a first tier (which Applicant discloses as "firm power," as opposed to "interruptible power," which is discussed at least on page 2 of the specification). However, by Applicant's own admission (see at least page 2 of the specification, which is part of the "Background of the Invention"), it is old and well-known in the art of power generation for a power generation company to offer its customers both "firm electrical power" and "interruptible power," wherein a discount is offered to a customer who agrees to purchase the "interruptible power." PowerBacker provides insurance to power buyers and sellers who deal with interruptible power; it is at least the power interruptions against which the insurance protects the buyers and sellers. Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to provide a potential customer of the PowerBacker insurance with a first price for a commodity at a first tier (i.e., the price of "firm power") in order to

enable the customer to more comprehensively assess all of his/her options to make a more educational decision regarding which power purchase to make (e.g., firm power, interruptible power, or interruptible power backed by an insurance instrument).

Furthermore, as per claim 16, PowerBacker does not expressly disclose that the commodity is offered at said second tier for sale at a fourth price that is less than said first price; however, since the first tier price corresponds to the "firm power" commodity while the second tier price corresponds to the "interruptible power" commodity (as discussed above), the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to offer the commodity at said second tier for sale at a fourth price that is less than said first price in order to encourage customers to purchase interruptible power over firm power. From a service reliability standpoint, firm power is more attractive to a customer than interruptible power since firm power implies that a customer will always have power when he/she needs it. If the less desirable interruptible power cost more than the firm power, there would be no incentive to buy it at all.

Regarding claim 18, PowerBacker discloses the commodity of power (electrical power, in particular). PowerBacker does not expressly teach the use of insurance to guarantee the provision of telecommunications bandwidth or natural gas. However, both telecommunications services and natural gas are well-known utilities. Furthermore, both of these utilities are known to be commonly interruptible services (similar to electricity); therefore, both telecommunications services and natural gas would similarly benefit from insurance to protect against an outage of either service.

Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to adapt PowerBacker to provide insurance for telecommunications bandwidth or natural gas services (as it does for electricity) in order to expand its customer base, thereby improving chances for profitability.

[Claims 9-12] Claims 9-12 recite limitations already addressed by the rejection of claims 1-4, 7, and 8 above; therefore, the same rejection applies. PowerBacker, though, is not explicitly disclosed in a computer-implemented embodiment; however, Official Notice is taken that it is old and well-known in the art of energy sales and insurance to conduct a purchase of energy as well as insurance policies online, i.e., via a computer network. Online energy and insurance purchases often facilitate quick and efficient energy and insurance transactions while reducing costs normally associated with maintaining a customer service center of sales agents. Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to make the sale of energy along with the purchase of PowerBacker insurance policies available online, i.e., via a computer network, in order to facilitate quick and efficient energy and insurance transactions while reducing costs normally associated with maintaining a customer service center of sales agents. A networked version of PowerBacker, where customers can perform transactions online, would necessarily include at least two computers and data storage.

As per claim 10, PowerBacker discloses an insurance instrument that is designed to protect against loss associated with interruptions in the delivery of said second tier commodity ("Cigna Property & Casualty": ¶¶ 8, 9).

As per claim 11, PowerBacker discloses an insurance instrument wherein the price of the insurance instrument is based upon one or more factors associated with said customer ("New Line of Cigna Insurance Products": ¶¶ 8-12 – The risks of outage, e.g., at the customer's location for receiving power, and how long the customer desires to receive insurance coverage all affect the price of the insurance instrument).

[Claims 13-15, 19] Claims 13-15 and 19 recite limitations already addressed by the rejection of claims 1-4, 7-12, and 16-18 above; therefore, the same rejection applies.

Additionally, PowerBacker does not explicitly disclose the ability of a customer to shop around for and compare energy and insurance prices from different sources. However, Official Notice is taken that it is old and well-known in the art of energy generation and insurance policies for a customer to be provided with various prices from competing companies offering either energy or insurance policies. Furthermore, Official Notice is taken that it is old and well-known in the art for companies to compete for business from customers by submitting competitive bids to these customers. This allows customers to quickly and conveniently shop around for the energy and/or insurance policy best meeting his/her needs while providing more exposure for the energy and insurance companies. Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to let

various companies selling energy and energy insurance policies, such as those offered by PowerBacker, offer competitive prices (e.g., in the form of bids) to one or more customers in order to allow customers to quickly and conveniently shop around for the energy and/or insurance policy best meeting his/her needs while providing more exposure for the energy and insurance companies.

Furthermore, as per claim 19, PowerBacker does not expressly disclose that the first price and the second price are different; however, since the first tier price corresponds to the “firm power” commodity while the second tier price corresponds to the “interruptible power” commodity (as discussed above), the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant’s invention to offer the commodity at a first price (corresponding to firm power) or a distinct second price (corresponding to interruptible power) because, from a service reliability standpoint, firm power is more attractive to a customer than interruptible power since firm power implies that a customer will always have power when he/she needs it. Thus, firm power *per se* will likely cost more than interruptible power *per se*. If the less desirable interruptible power cost more than the firm power, there would be no incentive to buy it at all.

[Claims 20-27] Claims 20-27 recite limitations already addressed by the rejection of claims 1-4 and 7-19 above; therefore, the same rejection applies.

Additionally, claims 20-27 explicitly recite that the commodity at said second tier and its corresponding insurance instrument are sold as a bundled product.

PowerBacker does not explicitly state that it provides the commodity and its corresponding insurance instrument as a bundled product *per se*. However, Official Notice is taken that it is old and well-known in the art for a commodity provider to provide a corresponding insurance as well in one bundled package. For example, many electronics stores sell products with their own store-backed extended warranty coverage as one bundled product. This arrangement allows the product/service provider to reap the added potential for profitability associated with selling not only the product/service, but also extended warranty coverage. The extended warranty coverage for a product/service is analogous to PowerBacker's insurance for electricity; therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to make PowerBacker's insurance available for sale with the commodity as a bundled product through the commodity provider itself in order to allow the commodity provider to reap the added potential for profitability associated with selling not only the commodity, but also any related insurance instruments.

[Claims 28-38] Claims 28-38 recite limitations already addressed by the rejection of claims 1-4 and 7-27 above; therefore, the same rejection applies.

Furthermore, as per claim 38, when providing bids, the bids are inherently equal to one another or different.

Conclusion

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Susanna M. Diaz whose telephone number is (703) 305-1337. The examiner can normally be reached on Monday-Friday, 9 am - 5 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on (703) 305-9643.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703)308-1113.

Effective May 1, 2003, any response to this action should be mailed to:

**Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450**

or faxed to:

(703)305-7687 [Official communications; including After Final communications labeled "Box AF"]

(703)746-7048 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 22202, 7th floor receptionist.

Susanna Diaz

Susanna M. Diaz
Patent Examiner
Art Unit 3623
April 18, 2003